

Pearson plc

(the *Company*)

In 2001, the Company established the Pearson Long Term Incentive Plan (the *Plan*). Its purpose is to link management's long-term reward with Pearson's financial performance and returns to shareholders. Since 2006, the Plan has been based around three performance measures: relative total shareholder return, return on invested capital and earnings per share growth.

Restricted Share Awards Granted on 13 October 2006

The restricted share awards granted on 13 October 2006, to executive directors and other members of the Pearson Management Committee, vested on 13 October 2009 subject to the company's performance on three measures. These measures were Pearson's total shareholder return relative to the constituents of the FTSE World Media Index over the period 2006 to 2009, earnings per share and sales growth over the period 2005 to 2008, and return on invested capital in 2008. Based on performance against these measures, 83.33% of the shares originally awarded have vested.

In the case of earnings per share and sales growth and return on invested capital, full details were set out in the report on directors' remuneration for 2008. In the case of relative total shareholder return, full details will be set out in the report on directors' remuneration for 2009.

Three-quarters of the shares that have vested have been released, the remaining one-quarter will be released on 13 October 2011 subject to participants not disposing of the three-quarters of their vested shares (other than for the purpose of settling their individual tax liability).

As a result of these Shares being released, the following executive directors have become entitled to the number of Shares shown in the second column below. The number of Shares shown in the third column below were sold on 14 October 2009 at a price of 794.26 pence per share in order to discharge tax and social security liabilities on the Shares received, leaving the after-tax number of Shares set out in the final column below.

Name of Director	Shares Released	Dividend-equivalent shares released	Shares Sold to discharge tax liabilities	Shares Retained
Will Ethridge	125,000	16,750	68,678	73,072
Rona Fairhead	87,500	11,725	40,683	58,542
Robin Freestone	78,125	10,469	36,324	52,270
John Makinson	87,500	11,725	40,683	58,542
Marjorie Scardino	281,250	37,688	127,576	191,362

Interests of the Directors

As a result of the above transactions, the executive directors are interested in the following Shares (excluding Shares to which they are notionally entitled or may become entitled, subject to the satisfaction of any relevant conditions, under the Company's employee share plans):

Name of Director	Number of Shares	% of Capital
Will Ethridge	262,988	0.03244
Rona Fairhead	270,982	0.03343
Robin Freestone	118,996	0.01468
John Makinson	474,581	0.05854
Marjorie Scardino	823,413	0.10158